

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

RICHARD S. NEWTON

Claimant

and

WILLIAM M. SWAYNE II, LAWRENCE J.
SYMONDS, BRUCE R. JOLLIFF, UNITED
INVESTMENT SECURITIES, INC. AND
SOURCE SECURITIES, INC.

Respondents

CASE NO. 88-03329

CASE SUMMARY

Richard S. Newton ("Claimant") alleged that William M. Swayne, II, Lawrence J. Symonds, L. Bruce Jolliff, United Investment Securities, Inc., and Source Securities, Inc. (collectively referred to herein as "Respondents") are liable to him for wages earned while he was employed by United Investment Securities Inc. from September 27, 1985 to May 27, 1986. Claimant claimed that 1) that the named individuals commingled corporate funds with personal funds and other controlled corporations; 2) that respondents failed to maintain proper procedures and controls, 3) committed fraud; 4) United Investment Securities, Inc. was under capitalized; 5) Respondents breached employment contracts; and 6) William Swayne guaranteed repayment of the wages.

Swayne, Symond and Jolliff denied the claims of the Claimant and further alleged that 1) the Claimant's claim for wages was barred by res judicata, and 2) that the wages are only due from United Investment Securities, Inc., the employer, and that there is no basis to disregard the corporate veil.

RELIEF REQUESTED

Claimant requested damages of \$12,225.00, prejudgment interest, punitive damages and attorneys' fees and costs. Respondents Swayne, Symonds, and Jolliff requested that all of the claims of the Claimants be dismissed.

AWARD

On October 26, 1988 the NASD received the Claimant's Statement of Claim. On October 26, 1989 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on October 25, 1988 by Claimant Richard S. Newton and by Lawrence J. Symonds on December 16, 1988. Williams M. Swayne, II and Leonard B. Jolliff submitted their answer to the Statement of Claim on December 5, 1988. The hearing was held in two sessions in Denver, Colorado.

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent William M. Swayne, II and United Investment Securities, Inc. are jointly and severally liable for and shall pay to Claimant Richard S. Newton the sum of \$12,225.00 together with interest from May 31, 1986 until paid at the rate of 8% per annum;

2. All claims against Lawrence J. Symonds, Bruce R. Jolliff, and Source Securities, Inc. are hereby dismissed;

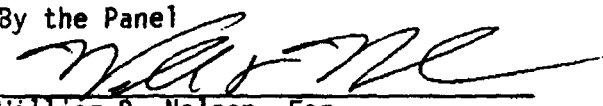
3. The parties shall bear their own costs including attorneys' fees;

4. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall refund as forum fees, the \$400.00 filing fee previously deposited with the NASD by the Claimant. William M. Swayne II and United Investments Securities, Inc. shall pay forum fees to the NASD in the amount of \$800.00. Forum fees are paid through the NASD staff counsel.

By the Panel

Dated: _____

/S/


William D. Nelson, Esq.
Presiding Chair

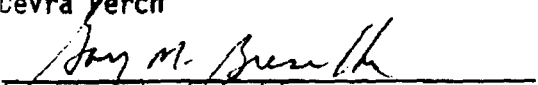
Dated: 11-30-89

/S/


Devra Perch

Dated: 12-1-89

/S/


Gary M. Biesiadecki